

SECOND REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE BILL NO. 794**  
**98TH GENERAL ASSEMBLY**

5094H.06C

D. ADAM CRUMBLISS, Chief Clerk

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**AN ACT**

To repeal sections 67.410, 144.030, and 144.087, RSMo, and to enact in lieu thereof three new sections relating to taxation.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 67.410, 144.030, and 144.087, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 67.410, 144.030, and 144.087, to read as follows:

67.410. 1. Except as provided in subsection 3 **or 6** of this section, any ordinance enacted pursuant to section 67.400 shall:

(1) Set forth those conditions detrimental to the health, safety or welfare of the residents of the city, town, village, or county the existence of which constitutes a nuisance;

(2) Provide for duties of inspectors with regard to such buildings or structures and shall provide for duties of the building commissioner or designated officer or officers to supervise all inspectors and to hold hearings regarding such buildings or structures;

(3) Provide for service of adequate notice of the declaration of nuisance, which notice shall specify that the property is to be vacated, if such be the case, reconditioned or removed, listing a reasonable time for commencement; and may provide that such notice be served either by personal service or by certified mail, return receipt requested, but if service cannot be had by either of these modes of service, then service may be had by publication. The ordinances shall further provide that the owner, occupant, lessee, mortgagee, agent, and all other persons having an interest in the building or structure as shown by the land records of the recorder of deeds of the county wherein the land is located shall be made parties;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 (4) Provide that, **except in emergencies** [upon failure to commence work of  
17 reconditioning or demolition within the time specified or upon failure to proceed continuously  
18 with the work without unnecessary delay], the building commissioner or designated officer or  
19 officers shall call and have a full and adequate hearing upon the matter, giving the affected  
20 parties at least ten days' written notice of the hearing. Any party may be represented by counsel,  
21 and all parties shall have an opportunity to be heard. After the hearings, if the evidence supports  
22 a finding that the building or structure is a nuisance or detrimental to the health, safety, or  
23 welfare of the residents of the city, town, village, or county, the building commissioner or  
24 designated officer or officers shall issue an order making specific findings of fact, based upon  
25 competent and substantial evidence, which shows the building or structure to be a nuisance and  
26 detrimental to the health, safety, or welfare of the residents of the city, town, village, or county  
27 and ordering the building or structure to be demolished and removed, or repaired. If the evidence  
28 does not support a finding that the building or structure is a nuisance or detrimental to the health,  
29 safety, or welfare of the residents of the city, town, village, or county, no order shall be issued;

30 (5) Provide that if the building commissioner or other designated officer or officers issue  
31 an order whereby the building or structure is demolished, secured, or repaired, or the property  
32 is cleaned up, the cost of performance shall be certified to the city clerk or officer in charge of  
33 finance, who shall cause a special tax bill or assessment therefor against the property to be  
34 prepared and collected by the city collector or other official collecting taxes, unless the building  
35 or structure is demolished, secured or repaired by a contractor pursuant to an order issued by the  
36 city, town, village, or county and such contractor files a mechanic's lien against the property  
37 where the dangerous building is located. The contractor may enforce this lien as provided in  
38 sections 429.010 to 429.360. Except as provided in subsection 3 of this section, at the request  
39 of the taxpayer the tax bill may be paid in installments over a period of not more than ten years.  
40 The tax bill from date of its issuance shall be deemed a personal debt against the property owner  
41 and shall also be a lien on the property until paid. A city not within a county or a city with a  
42 population of at least four hundred thousand located in more than one county, notwithstanding  
43 any charter provision to the contrary, may, by ordinance, provide that upon determination by the  
44 city that a public benefit will be gained the city may discharge the special tax bill, including the  
45 costs of tax collection, accrued interest and attorneys fees, if any.

46 2. If there are proceeds of any insurance policy based upon a covered claim payment  
47 made for damage or loss to a building or other structure caused by or arising out of any fire,  
48 explosion, or other casualty loss, the ordinance may establish a procedure for the payment of up  
49 to twenty-five percent of the insurance proceeds, as set forth in this subsection. The order or  
50 ordinance shall apply only to a covered claim payment which is in excess of fifty percent of the  
51 face value of the policy covering a building or other structure:

52 (1) The insurer shall withhold from the covered claim payment up to twenty-five percent  
53 of the covered claim payment, and shall pay such moneys to the city to deposit into an interest-  
54 bearing account. Any named mortgagee on the insurance policy shall maintain priority over any  
55 obligation under the order or ordinance;

56 (2) The city or county shall release the proceeds and any interest which has accrued on  
57 such proceeds received under subdivision (1) of this subsection to the insured or as the terms of  
58 the policy and endorsements thereto provide within thirty days after receipt of such insurance  
59 moneys, unless the city or county has instituted legal proceedings under the provisions of  
60 subdivision (5) of subsection 1 of this section. If the city or county has proceeded under the  
61 provisions of subdivision (5) of subsection 1 of this section, all moneys in excess of that  
62 necessary to comply with the provisions of subdivision (5) of subsection 1 of this section for the  
63 removal, securing, repair and cleanup of the building or structure, and the lot on which it is  
64 located, less salvage value, shall be paid to the insured;

65 (3) If there are no proceeds of any insurance policy as set forth in this subsection, at the  
66 request of the taxpayer, the tax bill may be paid in installments over a period of not more than  
67 ten years. The tax bill from date of its issuance shall be a lien on the property until paid;

68 (4) This subsection shall apply to fire, explosion, or other casualty loss claims arising  
69 on all buildings and structures;

70 (5) This subsection does not make the city or county a party to any insurance contract,  
71 and the insurer is not liable to any party for any amount in excess of the proceeds otherwise  
72 payable under its insurance policy.

73 3. The governing body of any city not within a county and the governing body of any city  
74 with a population of three hundred fifty thousand or more inhabitants which is located in more  
75 than one county may enact their own ordinances pursuant to section 67.400 and are exempt from  
76 subsections 1 and 2 of this section.

77 4. Notwithstanding the provisions of section 82.300, any city may prescribe and enforce  
78 and collect fines and penalties for a breach of any ordinance enacted pursuant to section 67.400  
79 or this section and to punish the violation of such ordinance by a fine or imprisonment, or by  
80 both fine and imprisonment. Such fine may not exceed one thousand dollars, unless the owner  
81 of the property is not also a resident of the property, then such fine may not exceed two thousand  
82 dollars.

83 5. The ordinance may also provide that a city not within a county or a city with a  
84 population of at least three hundred fifty thousand located in more than one county may seek to  
85 recover the cost of demolition prior to the occurrence of demolition, as described in this  
86 subsection. The ordinance may provide that if the building commissioner or other designated  
87 officer or officers issue an order whereby the building or structure is ordered to be demolished,

88 secured or repaired, and the owner has been given an opportunity for a hearing to contest such  
89 order, then the building commissioner or other designated officer or officers may solicit no less  
90 than two independent bids for such demolition work. The amount of the lowest bid, including  
91 offset for salvage value, if any, plus reasonable anticipated costs of collection, including  
92 attorney's fees, shall be certified to the city clerk or officer in charge of finance, who shall cause  
93 a special tax bill to be issued against the property owner to be prepared and collected by the city  
94 collector or other official collecting taxes. The municipal clerk or other officer in charge of  
95 finance shall discharge the special tax bill upon documentation by the property owner of the  
96 completion of the ordered repair or demolition work. Upon determination by the municipal clerk  
97 or other officer in charge of finance that a public benefit is secured prior to payment of the  
98 special tax bill, the municipal clerk or other officer in charge of finance may discharge the  
99 special tax bill upon the transfer of the property. The payment of the special tax bill shall be held  
100 in an interest-bearing account. Upon full payment of the special tax bill, the building  
101 commissioner or other designated officer or officers shall, within one hundred twenty days  
102 thereafter, cause the ordered work to be completed, and certify the actual cost thereof, including  
103 the cost of tax bill collection and attorney's fees, to the city clerk or other officer in charge of  
104 finance who shall, if the actual cost differs from the paid amount by greater than two percent of  
105 the paid amount, refund the excess payment, if any, to the payor, or if the actual amount is  
106 greater, cause a special tax bill or assessment for the difference against the property to be  
107 prepared and collected by the city collector or other official collecting taxes. If the building  
108 commissioner or other designated officer or officers shall not, within one hundred twenty days  
109 after full payment, cause the ordered work to be completed, then the full amount of the payment,  
110 plus interest, shall be repaid to the payor. Except as provided in subsection 2 of this section, at  
111 the request of the taxpayer the tax bill for the difference may be paid in installments over a  
112 period of not more than ten years. The tax bill for the difference from the date of its issuance  
113 shall be deemed a personal debt against the property owner and shall also be a lien on the  
114 property until paid.

115 **6. Notwithstanding any provision of this section to the contrary, any ordinance**  
116 **enacted under section 67.400 by a governing body of any home rule city with more than**  
117 **one hundred fifty-five thousand but fewer than two hundred thousand inhabitants may:**

118 **(1) Allow notice to be served by personal service or mail so long as a signature from**  
119 **the recipient is required for delivery and a return receipt is requested, and if service cannot**  
120 **be had by either personal service or mail, then service may be had by posting;**

121 **(2) Provide that, except in emergencies, the building commissioner or designated**  
122 **officer or officers may call and have a full and adequate hearing upon the declaration of**  
123 **nuisance, giving the affected parties at least ten days' written notice of the hearing; and**

124           **(3) Provide that if the building commissioner or other designated officer or officers**  
125 **issue an order whereby the building or structure is demolished, secured, or repaired, or**  
126 **the property is cleaned up, the cost of performance may be certified by such commissioner**  
127 **or officer, who may cause the certified cost to be added to the annual real estate tax bill for**  
128 **the property at the collecting official's option, and collected by the city collector or other**  
129 **official collecting taxes in the same manner and procedure for collecting real estate taxes,**  
130 **unless the building or structure is demolished, secured, or repaired by a contractor**  
131 **pursuant to an order issued by the city, town, village, or county and such contractor files**  
132 **a mechanic's lien against the property where the dangerous building is located. The**  
133 **contractor shall enforce this lien as provided in sections 429.010 to 429.360. At the request**  
134 **of the taxpayer, the tax bill may be paid in installments over a period of not more than ten**  
135 **years. The tax bill from date of its issuance may be deemed a personal debt against the**  
136 **property owner and may also be a lien on the property until paid. If the certified cost is**  
137 **not paid, the tax bill may be considered delinquent, and the collection of the delinquent bill**  
138 **shall be governed by the laws governing delinquent and back taxes.**

          144.030. 1. There is hereby specifically exempted from the provisions of sections  
2 144.010 to 144.525 and from the computation of the tax levied, assessed or payable pursuant to  
3 sections 144.010 to 144.525 such retail sales as may be made in commerce between this state and  
4 any other state of the United States, or between this state and any foreign country, and any retail  
5 sale which the state of Missouri is prohibited from taxing pursuant to the Constitution or laws  
6 of the United States of America, and such retail sales of tangible personal property which the  
7 general assembly of the state of Missouri is prohibited from taxing or further taxing by the  
8 constitution of this state.

9           2. There are also specifically exempted from the provisions of the local sales tax law as  
10 defined in section 32.085, section 238.235, and sections 144.010 to 144.525 and 144.600 to  
11 144.761 and from the computation of the tax levied, assessed or payable pursuant to the local  
12 sales tax law as defined in section 32.085, section 238.235, and sections 144.010 to 144.525 and  
13 144.600 to 144.745:

14           (1) Motor fuel or special fuel subject to an excise tax of this state, unless all or part of  
15 such excise tax is refunded pursuant to section 142.824; or upon the sale at retail of fuel to be  
16 consumed in manufacturing or creating gas, power, steam, electrical current or in furnishing  
17 water to be sold ultimately at retail; or feed for livestock or poultry; or grain to be converted into  
18 foodstuffs which are to be sold ultimately in processed form at retail; or seed, limestone or  
19 fertilizer which is to be used for seeding, liming or fertilizing crops which when harvested will  
20 be sold at retail or will be fed to livestock or poultry to be sold ultimately in processed form at  
21 retail; economic poisons registered pursuant to the provisions of the Missouri pesticide

22 registration law (sections 281.220 to 281.310) which are to be used in connection with the  
23 growth or production of crops, fruit trees or orchards applied before, during, or after planting,  
24 the crop of which when harvested will be sold at retail or will be converted into foodstuffs which  
25 are to be sold ultimately in processed form at retail;

26 (2) Materials, manufactured goods, machinery and parts which when used in  
27 manufacturing, processing, compounding, mining, producing or fabricating become a component  
28 part or ingredient of the new personal property resulting from such manufacturing, processing,  
29 compounding, mining, producing or fabricating and which new personal property is intended to  
30 be sold ultimately for final use or consumption; and materials, including without limitation,  
31 gases and manufactured goods, including without limitation slagging materials and firebrick,  
32 which are ultimately consumed in the manufacturing process by blending, reacting or interacting  
33 with or by becoming, in whole or in part, component parts or ingredients of steel products  
34 intended to be sold ultimately for final use or consumption;

35 (3) Materials, replacement parts and equipment purchased for use directly upon, and for  
36 the repair and maintenance or manufacture of, motor vehicles, watercraft, railroad rolling stock  
37 or aircraft engaged as common carriers of persons or property;

38 (4) Motor vehicles registered in excess of fifty-four thousand pounds, and the trailers  
39 pulled by such motor vehicles, that are actually used in the normal course of business to haul  
40 property on the public highways of the state, and that are capable of hauling loads commensurate  
41 with the motor vehicle's registered weight; and the materials, replacement parts, and equipment  
42 purchased for use directly upon, and for the repair and maintenance or manufacture of such  
43 vehicles. For purposes of this subdivision, "motor vehicle" and "public highway" shall have the  
44 meaning as ascribed in section 390.020;

45 (5) Replacement machinery, equipment, and parts and the materials and supplies solely  
46 required for the installation or construction of such replacement machinery, equipment, and  
47 parts, used directly in manufacturing, mining, fabricating or producing a product which is  
48 intended to be sold ultimately for final use or consumption; and machinery and equipment, and  
49 the materials and supplies required solely for the operation, installation or construction of such  
50 machinery and equipment, purchased and used to establish new, or to replace or expand existing,  
51 material recovery processing plants in this state. For the purposes of this subdivision, a "material  
52 recovery processing plant" means a facility that has as its primary purpose the recovery of  
53 materials into a usable product or a different form which is used in producing a new product and  
54 shall include a facility or equipment which are used exclusively for the collection of recovered  
55 materials for delivery to a material recovery processing plant but shall not include motor vehicles  
56 used on highways. For purposes of this section, the terms motor vehicle and highway shall have  
57 the same meaning pursuant to section 301.010. Material recovery is not the reuse of materials

58 within a manufacturing process or the use of a product previously recovered. The material  
59 recovery processing plant shall qualify under the provisions of this section regardless of  
60 ownership of the material being recovered;

61 (6) Machinery and equipment, and parts and the materials and supplies solely required  
62 for the installation or construction of such machinery and equipment, purchased and used to  
63 establish new or to expand existing manufacturing, mining or fabricating plants in the state if  
64 such machinery and equipment is used directly in manufacturing, mining or fabricating a product  
65 which is intended to be sold ultimately for final use or consumption;

66 (7) Tangible personal property which is used exclusively in the manufacturing,  
67 processing, modification or assembling of products sold to the United States government or to  
68 any agency of the United States government;

69 (8) Animals or poultry used for breeding or feeding purposes, or captive wildlife;

70 (9) Newsprint, ink, computers, photosensitive paper and film, toner, printing plates and  
71 other machinery, equipment, replacement parts and supplies used in producing newspapers  
72 published for dissemination of news to the general public;

73 (10) The rentals of films, records or any type of sound or picture transcriptions for public  
74 commercial display;

75 (11) Pumping machinery and equipment used to propel products delivered by pipelines  
76 engaged as common carriers;

77 (12) Railroad rolling stock for use in transporting persons or property in interstate  
78 commerce and motor vehicles licensed for a gross weight of twenty-four thousand pounds or  
79 more or trailers used by common carriers, as defined in section 390.020, in the transportation of  
80 persons or property;

81 (13) Electrical energy used in the actual primary manufacture, processing, compounding,  
82 mining or producing of a product, or electrical energy used in the actual secondary processing  
83 or fabricating of the product, or a material recovery processing plant as defined in subdivision  
84 (5) of this subsection, in facilities owned or leased by the taxpayer, if the total cost of electrical  
85 energy so used exceeds ten percent of the total cost of production, either primary or secondary,  
86 exclusive of the cost of electrical energy so used or if the raw materials used in such processing  
87 contain at least twenty-five percent recovered materials as defined in section 260.200. There  
88 shall be a rebuttable presumption that the raw materials used in the primary manufacture of  
89 automobiles contain at least twenty-five percent recovered materials. For purposes of this  
90 subdivision, "processing" means any mode of treatment, act or series of acts performed upon  
91 materials to transform and reduce them to a different state or thing, including treatment necessary  
92 to maintain or preserve such processing by the producer at the production facility;

93 (14) Anodes which are used or consumed in manufacturing, processing, compounding,  
94 mining, producing or fabricating and which have a useful life of less than one year;

95 (15) Machinery, equipment, appliances and devices purchased or leased and used solely  
96 for the purpose of preventing, abating or monitoring air pollution, and materials and supplies  
97 solely required for the installation, construction or reconstruction of such machinery, equipment,  
98 appliances and devices;

99 (16) Machinery, equipment, appliances and devices purchased or leased and used solely  
100 for the purpose of preventing, abating or monitoring water pollution, and materials and supplies  
101 solely required for the installation, construction or reconstruction of such machinery, equipment,  
102 appliances and devices;

103 (17) Tangible personal property purchased by a rural water district;

104 (18) All amounts paid or charged for admission or participation or other fees paid by or  
105 other charges to individuals in or for any place of amusement, entertainment or recreation, games  
106 or athletic events, including museums, fairs, zoos and planetariums, owned or operated by a  
107 municipality or other political subdivision where all the proceeds derived therefrom benefit the  
108 municipality or other political subdivision and do not inure to any private person, firm, or  
109 corporation, provided, however, that a municipality or other political subdivision may enter into  
110 revenue-sharing agreements with private persons, firms, or corporations providing goods or  
111 services, including management services, in or for the place of amusement, entertainment or  
112 recreation, games or athletic events, and provided further that nothing in this subdivision shall  
113 exempt from tax any amounts retained by any private person, firm, or corporation under such  
114 revenue-sharing agreement;

115 (19) All sales of insulin, and **all sales, rentals, accessories, repairs, and parts of**  
116 **durable medical equipment and prosthetic [or] devices as defined in this subdivision, as well**  
117 **as** orthopedic devices as defined [on January 1, 1980,] by the federal Medicare program pursuant  
118 to Title XVIII of the Social Security Act of 1965, including the items specified in Section  
119 1862(a)(12) of that act, and also specifically including **class III medical devices that use**  
120 **electric fields for the treatment of cancer, including components, parts, and supplies**  
121 **required for the use of such devices,** hearing aids, and hearing aid supplies and all sales of  
122 drugs which may be legally dispensed by a licensed pharmacist only upon a lawful prescription  
123 of a practitioner licensed to administer those items, including samples and materials used to  
124 manufacture samples which may be dispensed by a practitioner authorized to dispense such  
125 samples and all sales or rental of medical oxygen, home respiratory equipment and accessories  
126 **including parts, and** hospital beds and accessories and ambulatory aids **including parts and**  
127 **accessories, and** all sales or rental of manual and powered wheelchairs **including parts and**  
128 **accessories, and** stairway lifts, Braille writers, electronic Braille equipment and, if purchased

129 or rented by or on behalf of a person with one or more physical or mental disabilities to enable  
130 them to function more independently, all sales or rental of scooters **including parts and**  
131 **accessories, and** reading machines, electronic print enlargers and magnifiers, electronic  
132 alternative and augmentative communication devices, and items used solely to modify motor  
133 vehicles to permit the use of such motor vehicles by individuals with disabilities or sales of  
134 over-the-counter or nonprescription drugs to individuals with disabilities, and drugs required by  
135 the Food and Drug Administration to meet the over-the-counter drug product labeling  
136 requirements in 21 CFR 201.66, or its successor, as prescribed by a health care practitioner  
137 licensed to prescribe;

138 **(a) For purposes of this subdivision, "durable medical equipment" means**  
139 **equipment including repair and replacement parts for same, but does not include "mobility**  
140 **enhancing equipment" which can withstand repeated use, is primarily and customarily**  
141 **used to serve a medical purpose, and is not worn in or on the body;**

142 **(b) For purposes of this subdivision, "prosthetic device" means a replacement,**  
143 **corrective, or supportive device including repair and replacement parts for same worn on**  
144 **or in the body to artificially replace a missing portion of the body, prevent or correct**  
145 **physical deformity or malfunction, or support a weak or deformed portion of the body;**

146 (20) All sales made by or to religious and charitable organizations and institutions in  
147 their religious, charitable or educational functions and activities and all sales made by or to all  
148 elementary and secondary schools operated at public expense in their educational functions and  
149 activities;

150 (21) All sales of aircraft to common carriers for storage or for use in interstate commerce  
151 and all sales made by or to not-for-profit civic, social, service or fraternal organizations,  
152 including fraternal organizations which have been declared tax-exempt organizations pursuant  
153 to Section 501(c)(8) or (10) of the 1986 Internal Revenue Code, as amended, in their civic or  
154 charitable functions and activities and all sales made to eleemosynary and penal institutions and  
155 industries of the state, and all sales made to any private not-for-profit institution of higher  
156 education not otherwise excluded pursuant to subdivision (20) of this subsection or any  
157 institution of higher education supported by public funds, and all sales made to a state relief  
158 agency in the exercise of relief functions and activities;

159 (22) All ticket sales made by benevolent, scientific and educational associations which  
160 are formed to foster, encourage, and promote progress and improvement in the science of  
161 agriculture and in the raising and breeding of animals, and by nonprofit summer theater  
162 organizations if such organizations are exempt from federal tax pursuant to the provisions of the  
163 Internal Revenue Code and all admission charges and entry fees to the Missouri state fair or any

164 fair conducted by a county agricultural and mechanical society organized and operated pursuant  
165 to sections 262.290 to 262.530;

166 (23) All sales made to any private not-for-profit elementary or secondary school, all sales  
167 of feed additives, medications or vaccines administered to livestock or poultry in the production  
168 of food or fiber, all sales of pesticides used in the production of crops, livestock or poultry for  
169 food or fiber, all sales of bedding used in the production of livestock or poultry for food or fiber,  
170 all sales of propane or natural gas, electricity or diesel fuel used exclusively for drying  
171 agricultural crops, natural gas used in the primary manufacture or processing of fuel ethanol as  
172 defined in section 142.028, natural gas, propane, and electricity used by an eligible new  
173 generation cooperative or an eligible new generation processing entity as defined in section  
174 348.432, and all sales of farm machinery and equipment, other than airplanes, motor vehicles and  
175 trailers, and any freight charges on any exempt item. As used in this subdivision, the term "feed  
176 additives" means tangible personal property which, when mixed with feed for livestock or  
177 poultry, is to be used in the feeding of livestock or poultry. As used in this subdivision, the term  
178 "pesticides" includes adjuvants such as crop oils, surfactants, wetting agents and other assorted  
179 pesticide carriers used to improve or enhance the effect of a pesticide and the foam used to mark  
180 the application of pesticides and herbicides for the production of crops, livestock or poultry. As  
181 used in this subdivision, the term "farm machinery and equipment" means new or used farm  
182 tractors and such other new or used farm machinery and equipment and repair or replacement  
183 parts thereon and any accessories for and upgrades to such farm machinery and equipment, rotary  
184 mowers used exclusively for agricultural purposes, and supplies and lubricants used exclusively,  
185 solely, and directly for producing crops, raising and feeding livestock, fish, poultry, pheasants,  
186 chukar, quail, or for producing milk for ultimate sale at retail, including field drain tile, and  
187 one-half of each purchaser's purchase of diesel fuel therefor which is:

- 188 (a) Used exclusively for agricultural purposes;  
189 (b) Used on land owned or leased for the purpose of producing farm products; and  
190 (c) Used directly in producing farm products to be sold ultimately in processed form or  
191 otherwise at retail or in producing farm products to be fed to livestock or poultry to be sold  
192 ultimately in processed form at retail;

193 (24) Except as otherwise provided in section 144.032, all sales of metered water service,  
194 electricity, electrical current, natural, artificial or propane gas, wood, coal or home heating oil  
195 for domestic use and in any city not within a county, all sales of metered or unmetered water  
196 service for domestic use:

- 197 (a) "Domestic use" means that portion of metered water service, electricity, electrical  
198 current, natural, artificial or propane gas, wood, coal or home heating oil, and in any city not  
199 within a county, metered or unmetered water service, which an individual occupant of a

200 residential premises uses for nonbusiness, noncommercial or nonindustrial purposes. Utility  
201 service through a single or master meter for residential apartments or condominiums, including  
202 service for common areas and facilities and vacant units, shall be deemed to be for domestic use.  
203 Each seller shall establish and maintain a system whereby individual purchases are determined  
204 as exempt or nonexempt;

205 (b) Regulated utility sellers shall determine whether individual purchases are exempt or  
206 nonexempt based upon the seller's utility service rate classifications as contained in tariffs on file  
207 with and approved by the Missouri public service commission. Sales and purchases made  
208 pursuant to the rate classification "residential" and sales to and purchases made by or on behalf  
209 of the occupants of residential apartments or condominiums through a single or master meter,  
210 including service for common areas and facilities and vacant units, shall be considered as sales  
211 made for domestic use and such sales shall be exempt from sales tax. Sellers shall charge sales  
212 tax upon the entire amount of purchases classified as nondomestic use. The seller's utility  
213 service rate classification and the provision of service thereunder shall be conclusive as to  
214 whether or not the utility must charge sales tax;

215 (c) Each person making domestic use purchases of services or property and who uses any  
216 portion of the services or property so purchased for a nondomestic use shall, by the fifteenth day  
217 of the fourth month following the year of purchase, and without assessment, notice or demand,  
218 file a return and pay sales tax on that portion of nondomestic purchases. Each person making  
219 nondomestic purchases of services or property and who uses any portion of the services or  
220 property so purchased for domestic use, and each person making domestic purchases on behalf  
221 of occupants of residential apartments or condominiums through a single or master meter,  
222 including service for common areas and facilities and vacant units, under a nonresidential utility  
223 service rate classification may, between the first day of the first month and the fifteenth day of  
224 the fourth month following the year of purchase, apply for credit or refund to the director of  
225 revenue and the director shall give credit or make refund for taxes paid on the domestic use  
226 portion of the purchase. The person making such purchases on behalf of occupants of residential  
227 apartments or condominiums shall have standing to apply to the director of revenue for such  
228 credit or refund;

229 (25) All sales of handicraft items made by the seller or the seller's spouse if the seller or  
230 the seller's spouse is at least sixty-five years of age, and if the total gross proceeds from such  
231 sales do not constitute a majority of the annual gross income of the seller;

232 (26) Excise taxes, collected on sales at retail, imposed by Sections 4041, 4061, 4071,  
233 4081, 4091, 4161, 4181, 4251, 4261 and 4271 of Title 26, United States Code. The director of  
234 revenue shall promulgate rules pursuant to chapter 536 to eliminate all state and local sales taxes  
235 on such excise taxes;

236 (27) Sales of fuel consumed or used in the operation of ships, barges, or waterborne  
237 vessels which are used primarily in or for the transportation of property or cargo, or the  
238 conveyance of persons for hire, on navigable rivers bordering on or located in part in this state,  
239 if such fuel is delivered by the seller to the purchaser's barge, ship, or waterborne vessel while  
240 it is afloat upon such river;

241 (28) All sales made to an interstate compact agency created pursuant to sections 70.370  
242 to 70.441 or sections 238.010 to 238.100 in the exercise of the functions and activities of such  
243 agency as provided pursuant to the compact;

244 (29) Computers, computer software and computer security systems purchased for use  
245 by architectural or engineering firms headquartered in this state. For the purposes of this  
246 subdivision, "headquartered in this state" means the office for the administrative management  
247 of at least four integrated facilities operated by the taxpayer is located in the state of Missouri;

248 (30) All livestock sales when either the seller is engaged in the growing, producing or  
249 feeding of such livestock, or the seller is engaged in the business of buying and selling, bartering  
250 or leasing of such livestock;

251 (31) All sales of barges which are to be used primarily in the transportation of property  
252 or cargo on interstate waterways;

253 (32) Electrical energy or gas, whether natural, artificial or propane, water, or other  
254 utilities which are ultimately consumed in connection with the manufacturing of cellular glass  
255 products or in any material recovery processing plant as defined in subdivision (5) of this  
256 subsection;

257 (33) Notwithstanding other provisions of law to the contrary, all sales of pesticides or  
258 herbicides used in the production of crops, aquaculture, livestock or poultry;

259 (34) Tangible personal property and utilities purchased for use or consumption directly  
260 or exclusively in the research and development of agricultural/biotechnology and plant genomics  
261 products and prescription pharmaceuticals consumed by humans or animals;

262 (35) All sales of grain bins for storage of grain for resale;

263 (36) All sales of feed which are developed for and used in the feeding of pets owned by  
264 a commercial breeder when such sales are made to a commercial breeder, as defined in section  
265 273.325, and licensed pursuant to sections 273.325 to 273.357;

266 (37) All purchases by a contractor on behalf of an entity located in another state,  
267 provided that the entity is authorized to issue a certificate of exemption for purchases to a  
268 contractor under the provisions of that state's laws. For purposes of this subdivision, the term  
269 "certificate of exemption" shall mean any document evidencing that the entity is exempt from  
270 sales and use taxes on purchases pursuant to the laws of the state in which the entity is located.  
271 Any contractor making purchases on behalf of such entity shall maintain a copy of the entity's

272 exemption certificate as evidence of the exemption. If the exemption certificate issued by the  
273 exempt entity to the contractor is later determined by the director of revenue to be invalid for any  
274 reason and the contractor has accepted the certificate in good faith, neither the contractor or the  
275 exempt entity shall be liable for the payment of any taxes, interest and penalty due as the result  
276 of use of the invalid exemption certificate. Materials shall be exempt from all state and local  
277 sales and use taxes when purchased by a contractor for the purpose of fabricating tangible  
278 personal property which is used in fulfilling a contract for the purpose of constructing, repairing  
279 or remodeling facilities for the following:

280 (a) An exempt entity located in this state, if the entity is one of those entities able to issue  
281 project exemption certificates in accordance with the provisions of section 144.062; or

282 (b) An exempt entity located outside the state if the exempt entity is authorized to issue  
283 an exemption certificate to contractors in accordance with the provisions of that state's law and  
284 the applicable provisions of this section;

285 (38) All sales or other transfers of tangible personal property to a lessor who leases the  
286 property under a lease of one year or longer executed or in effect at the time of the sale or other  
287 transfer to an interstate compact agency created pursuant to sections 70.370 to 70.441 or sections  
288 238.010 to 238.100;

289 (39) Sales of tickets to any collegiate athletic championship event that is held in a facility  
290 owned or operated by a governmental authority or commission, a quasi-governmental agency,  
291 a state university or college or by the state or any political subdivision thereof, including a  
292 municipality, and that is played on a neutral site and may reasonably be played at a site located  
293 outside the state of Missouri. For purposes of this subdivision, "neutral site" means any site that  
294 is not located on the campus of a conference member institution participating in the event;

295 (40) All purchases by a sports complex authority created under section 64.920, and all  
296 sales of utilities by such authority at the authority's cost that are consumed in connection with  
297 the operation of a sports complex leased to a professional sports team;

298 (41) All materials, replacement parts, and equipment purchased for use directly upon,  
299 and for the modification, replacement, repair, and maintenance of aircraft, aircraft power plants,  
300 and aircraft accessories;

301 (42) Sales of sporting clays, wobble, skeet, and trap targets to any shooting range or  
302 similar places of business for use in the normal course of business and money received by a  
303 shooting range or similar places of business from patrons and held by a shooting range or similar  
304 place of business for redistribution to patrons at the conclusion of a shooting event;

305 (43) All sales of motor fuel, as defined in section 142.800, used in any watercraft, as  
306 defined in section 306.010;

307 (44) Any new or used aircraft sold or delivered in this state to a person who is not a  
308 resident of this state or a corporation that is not incorporated in this state, and such aircraft is not  
309 to be based in this state and shall not remain in this state more than ten business days subsequent  
310 to the last to occur of:

311 (a) The transfer of title to the aircraft to a person who is not a resident of this state or a  
312 corporation that is not incorporated in this state; or

313 (b) The date of the return to service of the aircraft in accordance with 14 CFR 91.407 for  
314 any maintenance, preventive maintenance, rebuilding, alterations, repairs, or installations that  
315 are completed contemporaneously with the transfer of title to the aircraft to a person who is not  
316 a resident of this state or a corporation that is not incorporated in this state.

317 3. Any ruling, agreement, or contract, whether written or oral, express or implied,  
318 between a person and this state's executive branch, or any other state agency or department,  
319 stating, agreeing, or ruling that such person is not required to collect sales and use tax in this  
320 state despite the presence of a warehouse, distribution center, or fulfillment center in this state  
321 that is owned or operated by the person or an affiliated person shall be null and void unless it is  
322 specifically approved by a majority vote of each of the houses of the general assembly. For  
323 purposes of this subsection, an "affiliated person" means any person that is a member of the same  
324 controlled group of corporations as defined in Section 1563(a) of the Internal Revenue Code of  
325 1986, as amended, as the vendor or any other entity that, notwithstanding its form of  
326 organization, bears the same ownership relationship to the vendor as a corporation that is a  
327 member of the same controlled group of corporations as defined in Section 1563(a) of the  
328 Internal Revenue Code, as amended.

144.087. 1. The director of revenue shall require all applicants for retail sales licenses  
2 and all licensees in default in filing a return and paying their taxes when due to file a bond in an  
3 amount to be determined by the director, which may be a corporate surety bond or a cash bond,  
4 but such bond shall not be more than ~~[three]~~ **two** times the average monthly tax liability of the  
5 taxpayer, estimated in the case of a new applicant, otherwise based on the previous twelve  
6 months' experience. At such time as the director of revenue shall deem the amount of a bond  
7 required by this section to be insufficient to cover the average monthly tax liability of a given  
8 taxpayer, he may require such taxpayer to adjust the amount of the bond to the level satisfactory  
9 to the director which will cover the amount of such liability. The director shall, after a  
10 reasonable period of satisfactory tax compliance for ~~[two years]~~ **one year** from the initial date  
11 of bonding, release such taxpayer from the bonding requirement as set forth in this section. All  
12 itinerant or temporary businesses shall be required to procure the license and post the bond  
13 required under the provisions of sections 144.083 and 144.087 prior to the selling of goods at

14 retail, and in the event that such business is to be conducted for less than one month, the amount  
15 of the bond shall be determined by the director.

16         2. All cash bonds shall be deposited by the director of revenue into the state general  
17 revenue fund, and shall be released to the taxpayer pursuant to subsection 1 of this section from  
18 funds appropriated by the general assembly for such purpose. If appropriated funds are available,  
19 the commissioner of administration and the state treasurer shall cause such refunds to be paid  
20 within thirty days of the receipt of a warrant request for such payment from the director of the  
21 department of revenue.

22         3. An applicant or licensee in default may, in lieu of filing any bond required under this  
23 section, provide the director of revenue with an irrevocable letter of credit, as defined in section  
24 400.5-103, issued by any state or federally chartered financial institution, in an amount to be  
25 determined by the director or may obtain a certificate of deposit issued by any state or federally  
26 chartered financial institution, in an amount to be determined by the director, where such  
27 certificate of deposit is pledged to the department of revenue until released by the director in the  
28 same manner as bonds are released pursuant to subsection 1 of this section. As used in this  
29 subsection, the term "certificate of deposit" means a certificate representing any deposit of funds  
30 in a state or federally chartered financial institution for a specified period of time which earns  
31 interest at a fixed or variable rate, where such funds cannot be withdrawn prior to a specified  
32 time without forfeiture of some or all of the earned interest.

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